

Nine Months, Fiscal Year Ending May 2026

# Financial Results Presentation Materials

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April 10, 2026

Daito Pharmaceutical Co., Ltd.

Tokyo Stock Exchange Prime Market: 4577



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# **I. Financial Results Summary for Nine Months of FYE May 2026**

# Executive Summary

## 3Q Fiscal Year Ending May 2026

- Net sales were **36.73 billion yen, an increase year-on-year**, and EBITDA was **6.02 billion yen, showing a significant increase**
- Cash flows from operations reached **8.02 billion yen, hitting a record high** as of the third quarter; while CCC is beginning to be affected by the Subcontract Act 1, progress is being made toward achieving the KGI for the final year of the current medium-term management plan
- Despite headwinds such as supply shortages of raw materials and solvents, soaring energy prices due to worsening tensions in the Middle East, and the rapidly progressing weak yen, in light of the progress of profit at each stage, **the full-year earnings forecast has been revised upward**

## Main Progress of DTP2027

- Reached an agreement with Ono Pharmaceutical Co., Ltd. regarding the transfer of manufacturing and marketing approvals for Opalmon Tablets and Prostandin Ointment; **advancing the consolidation of manufacturing sites to enhance the stable supply system** while also **entering the export business to the growing Thai market**
- Signed a "Partnership Building Agreement" with Toyochem Co., Ltd. of the artience group; agreed to actively begin discussions toward a **business to collaboratively develop, manufacture, and sell high-value-added FDF products with a global scope** by leveraging each other's strengths
- Phase III clinical trial of NPC-29, an FDF product containing ubiquinol developed by Nobelpharma, has commenced; **administration of the investigational drug manufactured by Daito has begun**

1: "Act on the Prevention of Delay in Payment of Subcontract Proceeds, etc. to Subcontractors" (commonly known as the "Subcontract Act")

# Financial Highlights

- Net sales of APIs declined, while FDF products (Gx and OTC drugs) increased, resulting in a YoY revenue growth of **120 million yen, or +0.3% YoY**.
- Regarding profit, although there was an increase in manufacturing costs due to the **temporary suspension of the Shimo-okui Factory** related to Chemical Substances Control Law compliance following the merger with the former Daiwa Pharmaceutical, and an increase in temporary cost structure reforms, Daito secured its first profit increase in four fiscal years. Operating profit rose by **880 million yen, or +47.2% YoY**, driven by an **increase in the gross profit margin from a higher FDF product ratio and improved inventory write-offs, as well as a decrease in SG&A expenses** primarily due to lower R&D costs and thorough smart-spending.

(Millions of yen, %)



	3Q FYE May 2025	3Q FYE May 2026	YoY change
	Amount	Amount	%
Net sales	36,609	36,732	+0.3
EBITDA	5,077	6,025	+18.7
Operating profit	1,869	2,751	+47.2
Ordinary profit	2,033	2,974	+46.2
Net income attributable to owners of parent	1,217	2,267	+86.2
EPS (yen)*1	39.86	76.53	+92.0
Dividends (yen/share)*1	35.00 (full-year)	40.00 (full-year forecast)	-
R&D costs*2	1,892	1,539	(18.6)
Depreciation	3,208	3,273	+2.0
Capital expenditure	2,999	3,516	+17.2
Exchange rate (yen/dollar)	152.4	151.3	-

\*1 EPS and dividend per share figures reflect the 1-for-2 stock split effective as of June 1. \*2 R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit.

## Sales by Category

- Sales of APIs declined by **300 million yen, or -1.8% YoY**, primarily due to a decrease in hemostatic and anticoagulant APIs, despite an increase in anti-allergic APIs.
- FDF products sales, particularly for Gx and OTC drugs in-house products, remained steady, and Gx external products increased. As a result, total FDF products revenue increased by **420 million yen, or +2.2% YoY**.

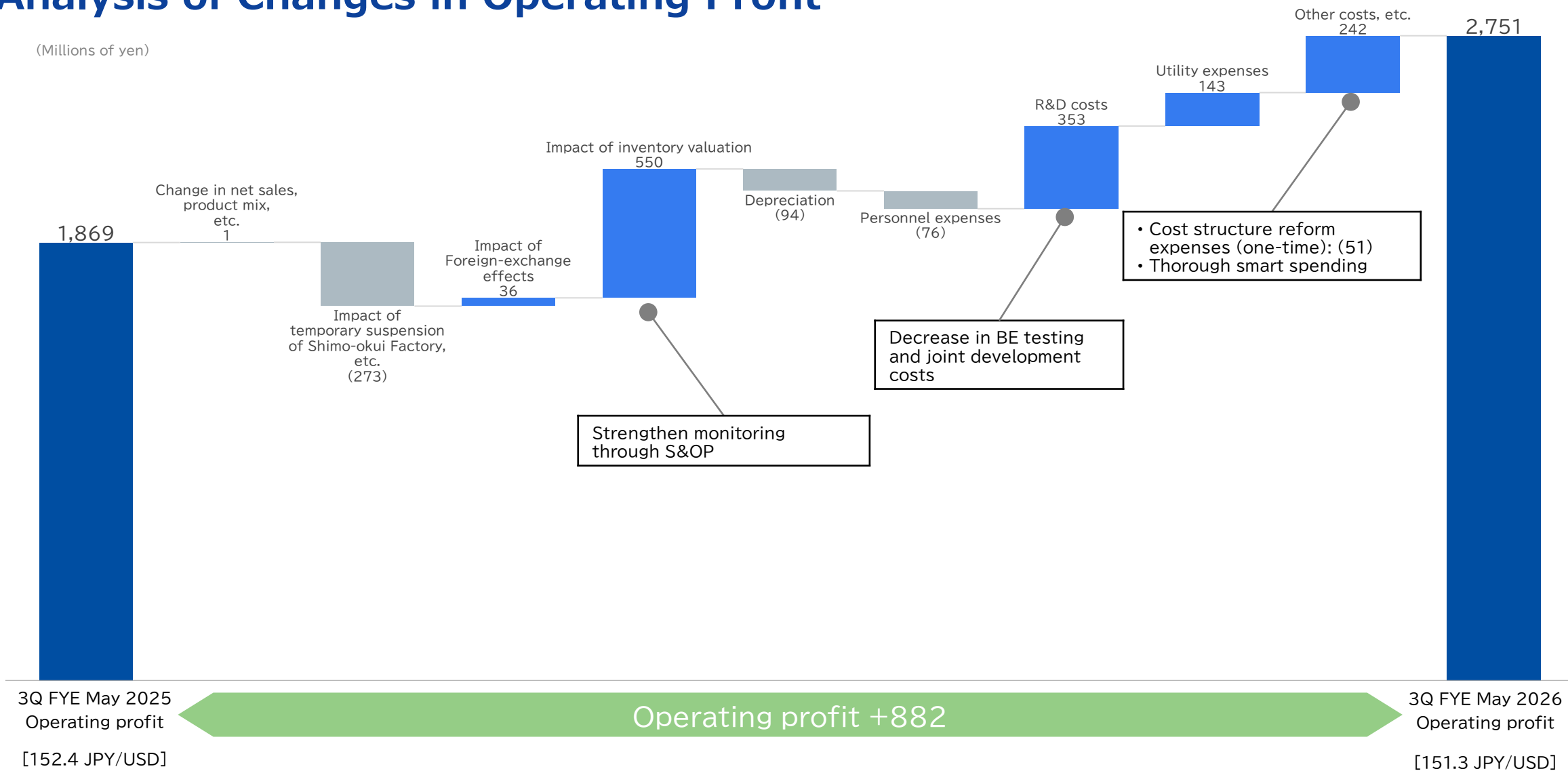
(Millions of yen, %)

		3Q FYE May 2025	3Q FYE May 2026	YoY change (%)
APIs 		16,801	<b>16,498</b>	(1.8)
	In-house products *	15,512	<b>15,016</b>	(3.2)
	Daito products (Gx)	14,139	<b>13,957</b>	(1.3)
	Contract-manufactured	1,373	<b>1,058</b>	(22.9)
	External products *	1,288	<b>1,481</b>	+14.9
FDF products 		19,672	<b>20,097</b>	+2.2
	In-house products *	17,528	<b>17,787</b>	+1.5
	Daito products (Gx)	10,379	<b>10,905</b>	+5.1
	Contract-manufactured prescription drugs	5,002	<b>4,601</b>	(8.0)
	Contract-manufactured OTC drugs	2,145	<b>2,280</b>	+6.3
	External products *	2,144	<b>2,309</b>	+7.7
	Gx	1,756	<b>1,997</b>	+13.7
OTC drugs	387	<b>312</b>	(19.3)	
Health foods and other products		134	<b>136</b>	+1.3
<b>Total net sales</b>		<b>36,609</b>	<b>36,732</b>	<b>+0.3</b>

\* "In-house products" refers to those that are manufactured or quality-assured within Daito Pharmaceutical Co., Ltd. group. \* "External products" are pharmaceuticals, APIs, excipients, etc. that do not fall under the category of "In-house products." So-called "products handled."

# Analysis of Changes in Operating Profit

(Millions of yen)



\* R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit. Depreciation and personnel expenses in this chart show those unrelated to the R&D cost.

## Balance Sheet Summary

- While prioritizing stable supply, the company focused on **optimizing inventory levels** based on capital cost-conscious B/S management, resulting in a reduction of 110 million yen, or -0.6% in inventories.
- Continued efforts to optimize the accounts receivable collection cycle resulted in a decrease of 2.77 billion yen, or -13.8% in trade receivables, despite both the previous and current quarter ends falling on holidays.
- While promoting necessary investments such as equipment implementation, strengthening quality control, and shareholder returns, interest-bearing debt decreased by 1.67 billion yen, or -19.9% due to improved capital efficiency.

(Millions of yen, %)

	As of May 31, 2025	As of February 28, 2026	YoY change
Current assets	41,708	38,309	(8.1)
Cash and deposits	2,207	1,871	(15.2)
Trade receivables *	20,195	17,416	(13.8)
Inventories	18,414	18,300	(0.6)
Non-current assets	36,296	36,653	+1.0
Total assets	78,004	74,963	(3.9)
Current liabilities	17,049	15,351	(10.0)
Trade payables *	8,266	9,532	+15.3
Short-term debt	3,457	3,399	(1.7)
Non-current liabilities	8,887	7,274	(18.1)
Long-term debt *	8,429	6,752	(19.9)
Total liabilities	25,936	22,626	(12.8)
Total net assets	52,067	52,336	+0.5

\* Trade receivables and payables include electronically recorded monetary claims and obligations but does not include receivables and liabilities under factoring agreements.

\* Long-term debt includes lease obligations.

# Cash Flows Statement Summary

- Operating CF showed a substantial improvement of **4.09 billion yen, or +104.4% YoY**, driven by the stabilization of advanced working capital management **introduced in the prior fiscal year** and the optimization of the trade receivables turnover period, **which had been neglected due to past business practices**. Operating CF reached a record high **for the nine-month period**.
- Investment cash flow resulted in a net outflow of **3.41 billion yen, reflecting the arrival of the payment date for capital expenditures for the Second QC Test Building to strengthen the quality control system**.

(Millions of yen, %)

	3Q FYE May 2025	3Q FYE May 2026	YoY change
Cash flows from operations	3,924	8,022	+104.4%
Profit before income taxes	2,409	3,269	+35.7%
Depreciation	3,208	3,273	+2.0%
Decrease (increase) in trade receivables	(1,045)	2,809	-
Decrease (increase) in inventories	119	156	+30.6%
Increase (decrease) in trade payables	(877)	1,192	-
Income taxes paid	(950)	(734)	-
Cash flows from investment	(6,515)	(3,412)	-
Purchase of property, plant and equipment	(6,093)	(3,348)	-
Cash flows from financing	2,233	(4,975)	-
Net balance of short-term and long-term borrowings	3,530	(2,696)	-
Net increase (decrease) in cash and cash equivalents during peiord	(348)	(336)	-
Cash and cash equivalents at end of period	2,379	1,871	(21.3%)

## II. Full-year Earnings Forecast for FYE May 2026

## Revision of Full-year Earnings Forecast for FYE May 2026

- As of the third quarter, **profit progress has exceeded 90%**, and the earnings forecast announced on July 11, 2025, has been revised upward.
- Due to factors such as inventory adjustments by customers and changes in sales strategy in Chinese market, consolidated net sales are expected to be 2.9% lower than the initial forecast at **51,000 million yen**.
- In terms of profit, operating profit is expected to be **10.0% higher** than the initial forecast at **3,300 million yen**, mainly due to an increase in the ratio of FDF products in the sales mix, lower depreciation resulting from changes in accounting policies, and lower R&D costs due to revisions in development plans and timing shifts in BE testing.

(Millions of yen, %)

	FYE May 2026 Initial forecast	FYE May 2026 Revised forecast	YoY change	(Ref) Consolidated results FY May 2025
	Amount	Amount	%	%
Net sales	52,500	51,000	(2.9)	50,643
EBITDA	7,750	7,750	-	6,952
Operating profit	3,000	3,300	+ 10.0	2,619
Ordinary profit	3,000	3,500	+ 16.7	2,705
Net income attributable to owners of parent	2,300	2,500	+ 8.7	1,908
EPS (yen) *1	76.70	84.38	+ 10.0	62.74
Dividends(yen/share)*1	40.00	40.00	-	35.00
R&D costs*2	2,450	2,200	△ 10.2	2,520
Depreciation	4,750	4,450	△ 6.3	4,332
Capital expenditure	4,500	4,000	△ 11.1	4,544

\*1 EPS and dividend per share figures reflect the 1-for-2 stock split effective as of June 1. \*2 R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit.